

Message Text

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16

ORIGIN EB-07

INFO OCT-01 AF-06 ARA-06 EA-06 NEA-09 ISO-00 AID-05 CEA-01

CIAE-00 COME-00 EUR-12 FRB-03 INR-07 IO-10 NSAE-00

OPIC-03 SP-02 TRSE-00 CIEP-01 LAB-04 SIL-01 OMB-01

DODE-00 DOTE-00 FMC-01 CG-00 COA-01 DLOS-03 L-02 /092 R

DRAFTED BY EB/TT/MA:REJOHE:EW

APPROVED BY EB/TT/MA:RKBANK

EUR/NE:JCROWLEY

EA/ANP:HLANGE

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R 281456Z FEB 75

FM SECSTATE WASHDC

TO AMEMBASSY CANBERRA

INFO ALL OECD CAPITALS

AMEMBASSY MONROVIA

AMEMBASSY KUWAIT

AMEMBASSY PANAMA

AMEMBASSY JIDDA

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E.O. 11652:N/A

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TAGS: EWWT, AS

SUBJECT: USG POSITION ON GOA CARGO PREFERENCE

REF: A) CANBERRA 1170; B) STATE 024492

1. IN REPLY TO PARA 6 REF A, THE FOLLOWING INFORMATION IS PROVIDED:

(A) AUSTRALIA IS AN ADHERENT TO THE OECD CODE OF LIBERALIZATION OF CURRENT INVISIBLE OPERATIONS. MOREOVER, THE GOA
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HAS NOT INDICATED ANY RESERVATIONS PERTAINING TO MARITIME

FREIGHT INVISIBLE OPERATIONS AND THUS ADHERES TO THE FOLLOWING PROVISIONS: "AS THE SHIPPING POLICY OF THE GOVERNMENTS OF THE MEMBERS IS BASED ON THE PRINCIPLE OF FREE CIRCULATION OF SHIPPING IN INTERNATIONAL TRADE IN FREE AND FAIR COMPETITION, IT FOLLOWS THAT THE FREEDOM OF TRANSACTIONS AND TRANSFERS IN CONNECTION WITH MARITIME TRANSPORT SHOULD NOT BE HAMPERED BY . . . LEGISLATIVE PROVISIONS IN FAVOR OF THE NATIONAL FLAG, BY ARRANGEMENTS MADE BY GOVERNMENTAL OR SEMI-GOVERNMENTAL ORGANISATIONS GIVING PREFERENTIAL TREATMENT TO NATIONAL FLAG SHIPS...." (OECD, "CODE OF LIBERALISATION OF CURRENT INVISIBLE OPERATIONS", MARCH, 1973, AS AMENDED, P. 33.) THUS, THE GOA'S NEW CARGO PREFERENCE POLICY WOULD APPEAR TO CONFLICT WITH THE CODE.

FYI: THE QUOTED SECTION HAS NEVER BEEN SUBSCRIBED TO BY THE USG. END FYI.

(B) AS A GENERAL RULE, THE COUNTRIES NOTED IN PARA. 5, REF B, WOULD NORMALLY CONSIDER THE FLAG OF THE VESSEL TO BE THE DETERMINATIVE FACTOR OF WHAT VESSELS WOULD BE INCLUDED WITHIN THE PROVISIONS OF ANY CARGO PREFERENCE POLICY. IN ANY CASE, HOWEVER, CARGO PREFERENCE DEFINITIONS AND STANDARDS ARE WHAT THE NATION PROPOSING SUCH ARRANGEMENTS DETERMINES THEM TO BE. THUS, WE SEE A MYRIAD OF FLAG/OWNER/REGISTRATION COMBINATIONS PLUS CREW AND CONSTRUCTION SITE FACTORS BECAUSE IN FACT A NATION HAS THE POWER TO DETERMINE THE PARAMETERS IT CONSIDERS GERMANE TO THE ESTABLISHMENT OF CARGO PREFERENCE POLICIES. (FOR EXAMPLE, H.R. 8193--US OIL CARGO PREFERENCE--OF THE 93RD CONGRESS, WHICH WAS POCKET-VETOED BY THE PRESIDENT, WOULD HAVE REQUIRED THE VESSELS TO BE US-FLAG AND US-BUILT.)

(C) THE DEPARTMENT HAS BEEN IN CONSULTATION WITH VARIOUS MEMBERS OF THE "WASHINGTON SHIPPING COMMUNITY", INCLUDING REPRESENTATIVES OF AUSTRALIA AND THE UK, ON THE DIPLOMATIC AND ECONOMIC IMPACT OF GOA CARGO PREFERENCE BOTH IN LIGHT OF AUSTRALIA'S TRADE AND WORLD REACTION. AN AIDE MEMOIRE IS BEING CONSIDERED WHILE WE OBTAIN AND EVALUATE THE REACTION AND PLANS OF OTHER INTERESTED STATES. WE LIMITED OFFICIAL USE

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WOULD HOPE NOT TO BE ALONE IN PRESENTING THE GOA AN EXPRESSION OF "CONCERN" ABOUT THEIR CARGO PREFERENCE POLICY. IN THE MEANTIME, DEPARTMENT TESTIMONY GIVEN BEFORE THE SENATE SUBCOMMITTEE ON THE MERCHANT MARINE IN MAY, 1974, IN RE US CARGO PREFERENCE LEGISLATION WILL BE POUCHED SEPARATELY IN ORDER TO PROVIDE YOU WITH ADDITIONAL BACKGROUND INFORMATION. KISSINGER

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